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Docket # 96-245

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Federal Communications Commission
Office of Secretary

Ms. Diane Cornell
Chief, Telecommunications Division
International Bureau
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20009

Re: BT-MCI Anticompetitive Acquisition of Remaining TAT-12/TAT-13 Cable Network Capacity

Dear Ms. Cornell:

This letter is to call to your attention that even before the proposed merger of MCI and British Telecom ("BT") has been approved, smaller, new entrants to the international telecommunications market are getting a preview of the anticompetitive collusion that will likely become the hallmark of their union. Specifically, MCI's unprecedented request for 7680 uncompressed voice channels (or 4/STM-1) on the TAT-12/TAT-13 cable has generated a shortage of capacity to meet the "Regular Cycle" (see endnote 1) request of owners of small shares of the TAT-12/TAT-13 cable. Because PRIMUS is a small carrier, the unexpected news that its request for a mere 15- E1s will not be honored in a timely fashion (see endnote 2) will impede its ability to provide its customers high quality telecommunications and will have serious adverse economic implications on the company.

MCI's request for 7680 uncompressed circuits will not only deplete the remaining capacity on the cable, it will virtually ensure, at least in the near term, that neither PRIMUS nor any other small carrier/owners of the TAT-12/13 can obtain access to cable capacity on the U.S.-U.K. route. The BT-MCI conglomerate will simply control the bulk of cable capacity on the U.S.-U.K. route. PRIMUS strongly urges the Commission to use its good offices to ensure that small U.S. carriers will continue to have access to facilities on the U.S. - U.K. route. PRIMUS believes this goal can be accomplished if MCI reduces the amount of its request so that PRIMUS and other similarly situated carriers can obtain access to a minimum DS-3 level of capacity.

By way of background, PRIMUS submitted a Regular Cycle request for 15 E-1s on TAT-12 between the U.S. and the U.K. in December 1996. MCI placed an "On Demand" order for 4-STM-1s or 7680 uncompressed voice circuits on TAT-12 /TAT-13 in December 1996 (see endnote 3). This unusually large request by MCI, presumably to enable it to match circuits with BT, has reduced the Common Reserve of the cable to a level so low (6 x STM-1) that the General Committee of the cable is forced to develop a procedure for distributing the remaining Common Reserve capacity. If, as suggested by several owners, the General Committee allocates the remaining capacity on a pro-rata ownership share basis to carriers with pending Regular Cycle and "On Demand" requests, smaller owners such as PRIMUS will simply not receive adequate capacity to meet their internal business needs.

In principle, PRIMUS does not take issue with the TAT-12 General Committee procedure for creating an equitable distribution of limited capacity resources under normal circumstances. PRIMUS submits, however, that MCI's unprecedented request is not driven by actual need for capacity to service customers and is nothing more than a giant cable capacity grab designed to ensure that the BT-MCI conglomerate controls a majority of the capacity on the U.S.-U.K. route (see endnote 4). This view is also supported by BT's reluctance to provide IRUs to competitive carriers on the U.K. end. PRIMUS' recent request to BT for an IRU on the U.K. end to match its anticipated U.S. circuits was met initially with blatant stonewalling. BT did not refuse to honor the request. BT's representative simply stated that BT has indefinitely postponed the processing of requests for IRU cable capacity until it has assessed its capacity

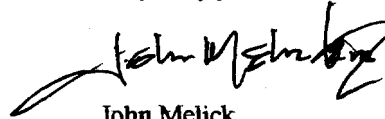
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needs. Subsequently, as detailed in the attached letter, BT made clear its intent to exclude initially, those U. K. facilities-based operators best equipped to make use of IRUs and compete with BT from acquiring IRUs on the U.K. end. BT states that "as a priority, this capacity will be offered to those operators who are not co-owners, or do not have a parent/affiliate company which is a co-owner in TAT-12/13." Thus, BT makes clear its intent to delay the entry of formidable competitors on the U.S. -U.K. route.

Based on this preview of BT-MCI's intended mode of operation, PRIMUS submits that the practical consequence of this proposed union will be reduced competition on the U.S. - U.K. route. Until additional cable capacity becomes available on the U.S.-U.K. route, PRIMUS and other similarly situated carriers will not be able to compete on a cost-efficient basis (see endnote 5). Accordingly, PRIMUS urges the Commission to use its good offices to ensure that PRIMUS and other similarly situated carriers' requests are honored by the previously established April 1, 1997 deadline.

Very truly yours,



John Melick
Vice President
PRIMUS Telecommunications Group, Inc.

Attachment

cc: Paul Singh, President

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1. There are two procedures for obtaining cable capacity on the TAT-12/TAT-13 cable. Under the Cable Committee rules, Regular Cycle orders for any level of capacity submitted during a cycle or quarter is provisioned at the beginning of the next quarter. For example orders submitted by December 31, 1996, would be provisioned by April 1, 1997. On Demand must be for a minimum of 60 E-1s and are provisioned "On Demand."
 2. Orders for capacity placed prior to December 31, 1996 were pre-scheduled for delivery by April 1, 1997.
 3. Other carrier/owners also filed for capacity on the cable (e.g. Mercury ordered 1-STM 1).
 4. It is noteworthy that until a BT led push to create an "On Demand" procedure for capacity orders of 60 E-1s or above at the October 1996 General Committee meeting, all carriers were subject to the Regular Cycle ordering procedure. In December, 1996, MCI takes advantage of this new procedure to order enough circuits to effectively limit the number of facilities-based competitors on the route.
 5. Buying capacity on an indefeasible right-of-use basis ("IRU") at higher cost without the rights attendant to a cable owner. In any event, PRIMUS has not had success in finding IRUs to purchase on the U.S. - U.K route.



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Chandresh Patel
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Dear Chandresh

4th March 1997

**INTERNATIONAL SUBMARINE CAPACITY - Information Notice
TAT-12/13 IRU SALES**

1. BT has identified that, following the TAT-12/13 notional capacity expansions currently taking place, it may have available capacity which it is willing to offer for sale to recently licensed UK International Facilities Operators (IFO). As a priority, this capacity will be offered to those operators who are not co-owners, or do not have a parent/affiliate company which is a co-owner in TAT-12/13 and is therefore already in a position to obtain capacity through the notional capacity expansions.

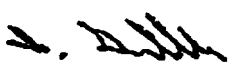
2. Provided the current TAT12/13 notional capacity expansions (that is the January 1997 expansion about to be finalised, together with the final expansion to the existing design capacity of TAT12/13) result in BT maintaining its present ownership share, then BT is prepared to re-assign to IFOs on an IRU basis up to a total of 126 x 2Mbit/s of capacity from its allocation of wholly owned TAT12/13 capacity.

3. Assuming that the total demand for purchase of this capacity does not exceed 126 x 2Mbit/s, BT will allocate a minimum of 1 x 2Mbit/s to each requesting IFO and its matching correspondent. It will of course be the responsibility of the IFO to identify, and reach agreement with, a correspondent at the US end (who may of course be the IFO itself or an affiliate) and to notify BT of their correspondent's name and contact details. Any capacity remaining after this allocation will be offered to those IFOs requesting more than 1 x 2Mbit/s, pro-rata to their notified requirements rounded to the nearest integer.

4. To take advantage of this offer, IFOs should notify their potential requirements and correspondents to the BT IRU enquiry desk (Lat Number Tel: 0181 587 6378, Fax: 0181 587 7635) no later than 1700 hours on 14 March 1997.

p.s please find enclosed a copy of the product description Issue 5.1

Yours sincerely


Craig Dibble
Commercial Manager

BT UK Carrier Services
Trafalgar House, 7th Floor, 65 Marshfield, LONDON EC2A 4EM
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BT is a registered provider of telecommunications services under the Telecommunications Act 1984 (LONDON EC2A 4EM registered in England on 15/03/97)